



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

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Ref: 8ENF-AT

Robert L. Gronewold
Manager, Corporate Environmental Affairs
Tesoro Petroleum Companies, Inc.
3450 South 344th Way, Ste. 100
Auburn, WA 98001 - 5931

*Mandan - May 8, 2006
planned shutdown*

D. Jeffery Haffner, Esq.
Tesoro Petroleum Companies, Inc.
300 Concord Plaza Drive
San Antonio, TX 78216 - 6999

RE: United States v. BP Exploration & Oil Co. - Civil Action No. 2:96 CV 095 RL
Acid Gas Flaring Incident, on May 8, 2006, at the Mandan Refinery,
North Dakota

Messrs. Gronewold and Haffner:

The United States Environmental Protection Agency (EPA) received the reports, dated June 13, 2006 and July 17, 2006, detailing the root cause failure analysis for the May 8, 2006, acid gas flaring incident that occurred at Tesoro's refinery located in Mandan, North Dakota. Based on the information submitted in the reports, EPA has determined that the incident is exempted under Paragraph 22(A)(i)(i). The flaring incident occurred during a planned maintenance period. Therefore, the provisions of Paragraph 22(C)(i) and the penalty provisions of Paragraph 47 do not apply to this incident.

Tesoro reported that the May 8, 2006, flaring incident lasted 7 days and 41 minutes, and released 31.5 tons of sulfur dioxide (SO₂) to the atmosphere. To reduce the quantity of SO₂ emitted to the atmosphere during this planned maintenance period, the Mandan refinery fed crude directly to the FCU at the reduced rate of 13,000 BPD and reduced the FCU riser temperature. The distillate desulfurization and gasoline hydrotreater units were also shut down during this period. The SO₂ emissions from this flaring event did not exceed the emission limits set by the alternate operating scenario of the Title V Operating Permit.

Tesoro asserts that the root cause of this flaring incident was the planned shutdown of the sulfur recovery plant for scheduled maintenance and addressed only under Paragraphs 22(A)(i)(a-d), as allowed for incidents excepted under Paragraph 22(A)(i)(i). EPA agrees that this flaring incident is excepted under Paragraph 22(A)(i)(i); therefore, EPA does not assess a penalty.

Given that this incident is excepted under Paragraph 22(A)(i)(i), it is also excepted from the rolling 12-month count of acid gas flaring incidents.

Should you have any questions or if you wish to discuss this matter, please contact Mr. Scott Whitmore at (303) 312-6317.

Sincerely,

Michael T. Risner
for

Assistant Regional Administrator,
Office of Enforcement, Compliance,
& Environmental Justice

cc: Alan R. Anderson, Manager, Mandan Refinery
Scott Whitmore, U.S. EPA, Region 8
David Rochlin, U.S. EPA, Region 8
Nathan Frank, U.S. EPA, Region 5
Jim Semerad, Division of Air Quality, ND Dept. Health
Teresa Dykes, U.S. EPA, HQ
Norma Eichlin, Matrix New World